

2 January 1958

Copy No. 143

CURRENT INTELLIGENCE BULLETIN

OFFICE OF CURRENT INTELLIGENCE
CENTRAL INTELLIGENCE AGENCY

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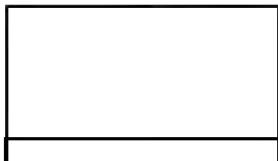
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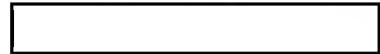


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1. AFRO-ASIAN BOYCOTT OF DUTCH SHIPPING EXPECTED
IN SUPPORT OF INDONESIA

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Dur-
ing the Indonesian revolution against the
Dutch in 1948, a general boycott by mari-
time services in Southeast Asia and the
Middle East crippled Dutch commerce in
the area.

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The Burmese government, at the request
of the Indonesian embassy in Rangoon, has already directed
the labor minister to prevent Burmese seamen from work-
ing on Dutch ships, [redacted] Presi-
dent Sukarno may be expected to press for this form of sup-
port during his forthcoming tour of several neighboring Asian
countries and Egypt. [redacted] Sukarno will ask
President Nasir to close the Suez Canal to Dutch ships.

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In Indonesia, the government has been
forced to discharge the Dutch pilots and officers of the Indo-
nesian national shipping company because seamen's and dock
workers' unions refused to work for Dutch officers. [redacted]
[redacted] the company is hir-
ing East Germans and Poles as replacements.

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2. MILITARY REVOLT IN VENEZUELA

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A reported 50 percent or more of the Venezuelan air force launched a revolt with possible army support on 1 January which will seriously undermine the prestige and probably threaten the stability of President Perez' authoritarian regime. The government claims the movement is being brought under control rapidly and has arrested several high-ranking officers, reportedly including the army commander and his chief of staff.

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the revolt is headed by the air force chief of staff, and the rebels have complete command of all armed forces at the principal air base of Maracay--about 50 air miles from Caracas and a major troop concentration area. Rebel planes have made passes over the capital without dropping bombs.

The backing of a part of the army, Venezuela's key armed forces component, appears essential to Perez' ouster. If the highly trained and well-organized 6,000-man national guard, which constitutes about 40 percent of the army, should defect in support of the air force and win active civilian backing, these elements with or without a modicum of army assistance might be capable of overthrowing Perez. Venezuela has one of the best air forces in Latin America, with 2,000 personnel and 173 planes, 35 percent of which are jets.

Perez must retain control of the armed forces in order to perpetuate his tenure. Even if the present revolt is brought under control and confined largely to the air force, it will necessitate a major shake-up in military commands and widespread reprisals which in turn would lead to intensified military plotting. The disorganized and largely suppressed political, labor, and general public opposition to the regime probably has the indirect support of the relatively weak Catholic hierarchy but could only become an effective force against Perez under the leadership of the armed forces.

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6. LIBYAN OIL DISCOVERY CALLED PROMISING

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The oil strike recently made by Standard Oil of New Jersey (ESSO) in the Fezzan Province of Libya has not yet been proven sufficient for commercial

production,

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The strike was made near the Libyan-Algerian border in the vicinity of the French discovery in Algeria near Edjele, approximately 500 miles south of Tripoli. Nearly all favorable areas of Libya are under concession for exploration, but the ESSO strike is the first good oil show obtained.

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A major oil discovery in Libya, west of the Suez Canal, would improve the West's bargaining position with major transit and producing countries in the Middle East, but the present pace of petroleum development is such that it would probably be several years before a Libyan field could have a significant impact.

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7. EAST GERMAN PARTY SHAKE-UP DEMONSTRATES
ULBRICHT'S SUPREMACY

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[redacted]
Extensive changes of personnel in the secretariat of the East German Socialist Unity (Communist) party (SED), [redacted]

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[redacted] indicate that First Secretary Ulbricht is strengthening his control of this body by appointing to it only persons who are in full agreement with the intensification of his hard-line policies.

One secretary was recently removed because he failed to carry out a rigid policy in the education field, and another committed suicide earlier this month after disagreement with Ulbricht on economic issues. Kurt Hager, who is responsible for science and higher education, will also be removed, [redacted] and Albert Norden, the party's propaganda chief, will be moved to a "higher position."

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[redacted] the composition of the new secretariat would be announced at the SED's 35th central committee plenum, which will take place in January. The appointment of secretaries loyal to Ulbricht would be another sign that he has won the lengthy controversy with various high-level party leaders who have favored a more realistic economic policy in East Germany. Ulbricht's complete dominance in East Germany is further indicated by the endorsement given him and his policies by top Soviet leaders. [redacted]

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